



Revenue Performance Obligations – Job Costing

By Beth Outtrim, Smartbridge, LLC

E1 Editor's Note: In January 2017, there was a large update to E1 9.1 and 9.2 that added some badly needed functionality to meet the needs of the FASB and IASB rulings for those companies using Job Costing and Profit Recognition with no direct connection between COGS (Cost of Goods Sold) and Revenues from their Customers. In this article, you will read about the setup and the process and also learn some tips and gotchas.

Introduction

In the prior articles published in JDEtips on the Revenue Recognition process, we covered the functionality for Accounts Receivable, Sales Orders, Contract and Service Billings. The processes for these four modules for Revenue Recognition were all initiated by the Invoicing Process. Using the Revenue Profit Obligation enhancements in Job Costing (System Code 51), frees you up from the need to “connect” COGS, Invoicing, and Revenues. However, you get your Costs and Revenues into the General Ledger, and this would include the for other E1 modules or third-party facilities that feed into your General Ledger (G/L), if it is connected to a Job or Project, you can use this facility to recognize your Revenue Performance Obligation (RPO). (Job and Project will be used interchangeably throughout this document.)

This document is focused on Oracle JDE E1 9.2 and directed at those members of the audience that are experienced in the Job Cost module of E1 or World.

Setup

Job Master

Because this is based on Job/Project Costing, we start with the setup of a Job. Using P51006, Job Master, set up a new Job with a Job Type 'JB'. Be sure that you use the Extended Dates to define the beginning and ending dates of the Project. See the Tips section for more information about the Job Type field values.

Project Number	Project Description	Co	P	E	Office Location	Office Location Name	Customer	Customer Name
DEMORPO1	Project to Demo RPO	00350			E			

Figure 1- DEMORPO1 Job Master

Job Chart of Accounts

Using the methodology to which you're accustomed, add the Chart of the Accounts for the Job. This Job is being set up in the Work in Process part of the Balance Sheet. The assumption is that this Job will be closed monthly to the Income Statement.

Your Chart of Accounts (COA) should be designed following the JDE recommendations for sequencing, Levels of Detail, and include the Subsidiary Accounts designed as Cost Codes for the phases of the Project.

Original/Revised Budget

Enter the Original Budget Amounts for your Job. These are the Amounts and/or Units that will reside in the JA Ledger in the General Ledger Balance table, F0902, in the field GBBORG. At the barest minimum, there should be budgeted amounts for Revenue and Costs. Without budgets, the system cannot do calculations for the projected amounts and/or remaining amounts.

Revenue Performance Obligation (RPO) Master

Here is where the enhancements for RPO, or Revenue Recognition based on the Profit Recognition functionality already inherent in Oracle's JD Edwards system, begins. RPO Masters, P5102, are directly related to a Job in a many-to-one relationship.

I created three RPO Masters for the Job DEMORPO1; STARTUP, OPERATE, WRAPUP. I equate these with phases since each of the Accounts used to delineate these are differentiated by the Subsidiary, or Cost Code, as are Job Phases in Job Costing. See more about RPO Master naming conventions in the Tips section.

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